

## PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

## CLERK'S OFFICE

**NOTICE OF FILING AND HEARING AND PREFILE TESTIMONY DEADLINES****DOCKET NO. 2018-358-WS****Verified Application of Blue Granite Water Company (formerly known as Carolina Water Service, Inc.) for Approval of Annual Rate Adjustment Mechanisms and Petition for an Accounting Order to Defer Expenses**

Blue Granite Water Company (BGWC or the Company), formerly known as Carolina Water Service, Inc. has filed with the Public Service Commission of South Carolina (the Commission) an Application for, in part, approval of annual rate adjustment mechanisms (procedures) for purchased water expenses and wastewater treatment expenses and the proposed 2019 rate adjustments, including approval of the Company's request to recover previously deferred purchased water and wastewater treatment expense amounts for the period of March 2018 to January 2019, as shown on Exhibits D, E, F, and G of the Application. The Company also requests authority to continue to defer the Company's purchased water and wastewater treatment expenses (above or below the amounts reflected in base rates) caused by changes in third party provider rates, until such expenses are reflected in rates. As justification for the Application, the Application states that BGWC purchases water from approximately 13 third party providers, a number which may increase in the future. The Application states further that the Company purchases wastewater treatment services from 6 third party providers, a number which may also increase in the future. Since mid-2017, the Company has experienced wholesale rate increases from eight of its purchased water providers and has experienced wholesale rate increases from two of its wastewater treatment providers. Collectively, these ten wholesale rate increases amount to over \$1,000,000 annually.

The Application was filed pursuant to S.C. Code Ann. §§58-5-210, 58-5-220, and 58-5-240, S.C. Code Ann. Regs. 103-503, 103-703, 103-823 and 103-825, and all other applicable statutes and regulations of the Commission.

**SCHEDULE OF PROPOSED RATES AND CHANGES****WATER****Service Territory 1****Monthly Charges – Water Distribution Customers Only**

Where water is purchased from a governmental body or agency or other entity for distribution and resale by the Utility, the following rates apply:

	<u>Current</u>	<u>Proposed</u>
<u>Residential</u>		
Residential Commodity Charge	\$7.55 per 1000 gal. or 134 cft.	\$9.18 per 1000 gal. or 134 cft.
<u>Commercial</u>		
Commercial Commodity Charge	\$7.55 per 1, 000 gal. or 134 cft.	\$9.18 per 1000 gal. or 134 cft.

### Purchased Water Expense Rate Adjustment Mechanism

“Water Distribution Customers Only” for Water Service Territory 1 are subject to annual rate adjustments ordered by the South Carolina Public Service Commission to recover in rates changes in expenses, without markup, that result from third party wholesale purchased water provider rate changes.

The commodity rate is calculated using customer and consumption data from the preceding calendar year. The adjustment to the commodity rate is calculated by first finding the average consumption of all water distribution customers for Water Service Territory 1. The average consumption is determined by taking the total water consumption for the most recent annual period available and dividing it by the total number of water billing units for the most recent annual period available. Next, the adjustment in purchased water expense caused by known and measurable changes in rates from third party wholesale providers is calculated. Then, the expense per billing unit is calculated by dividing the total change in purchased water expense by the annualized number of water billing units. Finally, the adjustment to the commodity rate required to recover or rebate the change in purchased water expenses is determined by dividing the expense per billing unit by the average consumption per 1,000 gallons. The portion of the commodity rate designed to recover the deferral balance amortization expense is reset each year and adjusted for any over or under recovery.

## **Service Territory 2**

### Monthly Charges – Water Distribution Customers Only

Where water is purchased from a governmental body or agency or other entity for distribution and resale by the Utility, the following rates apply:

	<u>Current</u>	<u>Proposed</u>
<u>Residential</u>		
Residential Commodity Charge	\$11.85 per 1,000 gal. or 134 cft.	\$13.00 per 1,000 gal. or 134 cft.
<u>Commercial</u>		
Commercial Commodity Charge	\$11.85 per 1,000 gal. or 134 cft.	\$13.00 per 1,000 gal. or 134 cft.

### Purchased Water Expense Rate Adjustment Mechanism

“Water Distribution Customers Only” for Water Service Territory 2 are subject to annual rate adjustments ordered by the South Carolina Public Service Commission to recover in rates changes in expenses, without markup, that result from third party wholesale purchased water provider rate changes.

The commodity rate is calculated using customer and consumption data from the preceding calendar year. The adjustment to the commodity rate is calculated by first finding the average consumption of all water distribution customers for Water Service Territory 2. The average consumption is determined by taking the total water consumption for the most recent annual period available and dividing it by the total number of water billing units for the most recent annual period available. Next, the adjustment in purchased water expense caused by known and measurable changes in rates from third party wholesale providers is calculated. Then, the expense per billing unit is calculated by dividing the total change in purchased water expense by the annualized number of water billing units. Finally, the adjustment to the commodity rate required to recover or rebate the change in purchased water expenses is determined by dividing the expense per billing unit by the average consumption per 1,000 gallons. The portion of the commodity rate designed to recover the deferral balance amortization expense is reset each year and adjusted for any over or under recovery.

**SEWER****Service Territory 1 and 2****Monthly Charges – Sewer Collection & Treatment Only**

Where sewage collection and treatment are provided through facilities owned and operated by the Utility, the following rates apply:

	<u>Current</u>	<u>Proposed</u>
Residential – Charge per single-family House, condominium, villa or apartment unit:	\$65.08 per unit	\$72.80 per unit
Mobile Homes:	\$47.50 per unit	\$53.14 per unit
Commercial	\$65.08 per SFE*	\$72.80 per SFE*

**Monthly Charge – Sewer Collection Only**

When sewage is collected by the Utility and transferred to a government body or agency, or other entity for treatment, the Utility's rates are as follows:

	<u>Current</u>	<u>Proposed</u>
Residential – per single-family house, Condominium, or apartment unit	\$65.08 per unit	\$72.80 per unit
Commercial	\$65.08 per SFE*	\$72.80 SFE*
The Village Sewer Collection	\$33.86 per SFE*	\$37.88 per SFE*

\*Single Family Equivalent (SFE) shall be determined by using the South Carolina Department of Health and Environmental Control Guidelines for Unit Contributory Loadings for Domestic Wastewater Treatment Facilities – S.C. Code Ann. Regs. 61-67 Appendix A, as may be amended from time to time. Where applicable, such guidelines shall be used for determination of the appropriate monthly service and tap fee.

**Purchased Wastewater Expense Rate Adjustment Mechanism**

CWS Sewer Customers are subject to annual rate adjustments ordered by the South Carolina Public Service Commission to recover in rates changes in expenses, without markup, that results from third party wholesale purchased wastewater provider rate changes.

The monthly charge is determined using customer and purchased wastewater expense data from the preceding calendar year. The adjustment to the monthly charge required to recover or rebate is determined by taking the adjustment in purchased wastewater expense caused by known and measurable changes in rates from third party wholesale providers and dividing by the total number of wastewater billing units. The portion of the rate designed to recover the deferral balance amortization expense is reset each year and adjusted for any over or under recovery.

A copy of the company's Verified Application can be found on the Commission's website at [www.psc.sc.gov](http://www.psc.sc.gov) under Docket No. 2018-358-WS. Additionally, a copy of the Verified Application is available from the corporate office of Frank R. Ellerbe, III, Esquire and Samuel J. Wellborn, Esquire, Robinson Gray Stepp & Laffitte, LLC, Post Office Box 11449, Columbia, South Carolina 29211.

Any person who wishes to participate in this matter as a party of record should file a Petition to Intervene in accordance with the Commission's Rules of Practice and Procedure on or before **April 1, 2019**, by filing the Petition to Intervene with the Commission, by providing a copy to the Office of Regulatory Staff and by providing a copy to all parties of record. For the receipt of future Commission correspondence, please include an email address in the Petition to Intervene. ***Please refer to Docket No. 2018-358-WS and mail a copy to all other parties in this docket.*** Any person who seeks to intervene and who wishes to testify and present evidence at the hearing should notify, in writing, the Commission; the Office of Regulatory Staff at 1401 Main Street, Suite 900, Columbia, South Carolina 29201; and the company at the above address, on or before **April 1, 2019**. ***Please refer to Docket No. 2018-358-WS.***

**PLEASE TAKE NOTICE** that a hearing, pursuant to S.C. Code Ann. Regs. 103-817 and Commission Order No. 2018-790, on the above matter has been scheduled to begin on **Tuesday, June 18, 2019, at 10:00 a.m.**, before the Commission in the Commission's Hearing Room at 101 Executive Center Drive, Suite 100, Saluda Building, Columbia, South Carolina 29210 for the purpose of receiving testimony and evidence from all interested parties. The hearing may continue through June 19, 2019, if necessary.

**INSTRUCTIONS TO ALL PARTIES OF RECORD (Applicant, Petitioners, and Intervenors only):** All Parties of Record must prefile testimony with the Commission and with all parties of record. Prefiled Testimony Deadlines: Other Parties of Record **Direct Testimony** Due: **5/21/2019**; Applicant's **Rebuttal Testimony** Due: **5/28/2019**; and Other Parties of Record **Surrebuttal Testimony** Due: **6/4/2019**. All Prefiled Testimony Deadlines are subject to the information as posted on [www.psc.sc.gov](http://www.psc.sc.gov) under ***Docket No. 2018-358-WS.***

For the most recent information regarding this docket, including changes in scheduled dates included in this Notice, please refer to [www.psc.sc.gov](http://www.psc.sc.gov) and ***Docket No. 2018-358-WS.***

**PLEASE TAKE NOTICE** that any person who wishes to have his or her comments considered as part of the official record of this proceeding **MUST** present such comments in person to the Commission during the hearing.

Persons seeking information about the Commission's procedures should contact the Commission at (803) 896-5100 or visit its website at [www.psc.sc.gov](http://www.psc.sc.gov).

3/6/19